

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL HEALTH CARE FINANCING ADMINISTRATION	1. TRANSMITTAL NUMBER: <u>0 0 - 2 0</u>	2. STATE: <u>NC</u>
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE September 18, 2000	

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN
 ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN
 ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447.272	7. FEDERAL BUDGET IMPACT: ^{1,583,250} a. FFY <u>00</u> \$ <u>Combined with HCFA 6/8/01</u> b. FFY <u>00</u> \$ <u>Transmittal #00-18</u>
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B Section 2, Pages 1d, 1e, and 1f	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): New

10. SUBJECT OF AMENDMENT:
Outpatient Teaching Supplemental Payment to Non-Qualified Public Hospitals

GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
 ☒ OTHER, AS SPECIFIED: not required

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL: <i>[Signature]</i>	16. RETURN TO: Office of the Secretary Department of Health & Human Services 2001 Mail Service Center Raleigh, North Carolina 27699-2001
13. TYPED NAME: H. David Bruton, MD	
14. TITLE: Secretary	
15. DATE SUBMITTED: <i>1-19-2000</i>	

FOR REGIONAL OFFICE USE ONLY	
17. DATE RECEIVED: September 28, 2000	18. DATE APPROVED: May 24, 2001
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: September 18, 2000	20. SIGNATURE OF REGIONAL OFFICIAL: <i>[Signature]</i>
21. TYPED NAME: Eugene A. Grasser	22. TITLE: Associate Regional Administrator Division of Medicaid and State Operations
23. REMARKS:	

MEDICAL ASSISTANCE
STATE: NORTH CAROLINA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICE

2.a.2. Supplemental Payments to Teaching Hospitals for Outpatient Hospital Services

Subject to the availability of funds, hospitals licensed by the State of North Carolina and reimbursed under the DRG methodology for more than 50 percent of their Medicaid inpatient discharges for the fiscal year ending September 30, and thereafter that are not qualified public hospitals defined in Subparagraph 2.a.1.(2)(A) above; that operate Medicare approved graduate medical education programs and reported on cost reports filed with the Division Medicaid costs attributable to such programs; and that incur unreimbursed costs for providing inpatient and outpatient services to uninsured patients in an amount in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000) shall be eligible for a lump sum payment for the period from September 18, 2000 through September 30, 2000, and lump sum payments for subsequent fiscal years calculated and paid no less frequently than annually and no more frequently than quarterly in amounts or percentages determined by the Director of Medical Assistance, for periods preceding or following the payment date subject to the following provisions:

- (1) Qualification for 12 month periods ending September 30 of each year shall be based on the most recent cost report data and uninsured patient data filed with and certified to the Division by hospitals at least 60 days prior to the date of any payment under this paragraph.
- (2) To ensure that the payments authorized by this Paragraph do not exceed the applicable upper limits such payments (when added to Medicaid payments received or to be received for these services) shall not exceed for the twelve month period ending September 30 of the year for which payments are made the applicable percentage of:
 - (i) the reasonable cost of outpatient hospital Medicaid services, plus

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- (ii) the reasonable direct and indirect costs attributable to outpatient Medicaid services of operating Medicare approved graduate medical education programs.
- A. The phrase "applicable percentage" refers to the upper payment limit as a percentage of reasonable costs established by 42 C.F.R. 447.272 for different categories of hospitals.
- B. Reasonable costs shall be ascertained in accordance with the provisions of the Medicare Provider Reimbursement Manual as defined on Page 9, Subparagraph (b) of Attachment 4.19-A of this State Plan.
- C. The phrase "Medicaid payments received or to be received for these services" shall exclude all Medicaid disproportionate share hospital payments received or to be received, but shall include all Medicaid payments received other than disproportionate share hospital payments, calculated after any payments made pursuant to Paragraph 2.a.1. of Attachment 4.19-B of this State Plan.
- (3) Under no circumstances shall the payment authorized by this Paragraph when added to the payment authorized under Paragraph (f) on Page 9d of Attachment 4.19-A exceed a percentage of the Hospital's unreimbursed cost for providing services to uninsured patients determined by the Division under Paragraph (j) commencing on Page 15 of Attachment 4.19-A of this State Plan.

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- (4) Payments authorized by this Paragraph shall be made solely on the basis of an estimate of costs incurred and payments received for Medicaid outpatient services for the period for which payments are made. The Director of the Division of Medical Assistance shall determine the amount of the estimated payments to be made by analysis of costs incurred and payments received for Medicaid outpatient services as reported on the most recent cost reports filed before the Director's determination is made, and supplemented by additional financial information available to the Director when the estimated payments are calculated if and to the extent that the Director concludes that the additional financial information is reliable and relevant.
- (5) To ensure that estimated payments pursuant to the preceding Subparagraph do not exceed the aggregate upper limit to such payments established by applicable federal law and regulation (42 C.F.R. 447.321), such payments shall be cost settled within 12 months of receipt of the completed and audited Medicare/Medicaid cost report for the period for which such payments were made. The cost settlement shall be as described in Paragraph (e)(5) on Page 9c, Attachment 4.19-A of this State Plan.
- (6) The payments authorized by this Paragraph shall be effective in accordance with G.S. 108A-55(c).

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2.a.2. Supplemental Payments to Teaching Hospitals for Outpatient Hospital Services

Subject to the availability of funds, hospitals licensed by the State of North Carolina and reimbursed under the DRG methodology for more than 50 percent of their Medicaid inpatient discharges for any fiscal year ending September 30, commencing with September 30, 2000 that are not qualified public hospitals defined in Subparagraph 2.a.1.(1)(A), above; that operate Medicare approved graduate medical education programs and reported Medicaid costs attributable to such programs to the Division on cost reports for fiscal years ending in 1995 through 1999; and that incur for the 12 month period ending September 30, 1999 unreimbursed costs for providing inpatient and outpatient services to uninsured patients in an amount in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000) shall be eligible for a lump sum payment subject to the following provisions:

- (1) Qualification for any 12 month period ending September 30 shall be based on cost report data and uninsured patient data certified to the Division by hospitals on or before September 1 of each year, for the fiscal year ending in the preceding calendar year.
- (2) To ensure that the payments authorized by this Paragraph for the payment rate fiscal year 2000 do not exceed the upper limits established by 42 C.F.R. 447.321:
 - (i) Subject to the limitations in Subparagraph (5), below, the lump sum payment shall be the reasonable cost of outpatient hospital Medicaid services, plus

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- (ii) The reasonable direct and indirect costs attributable to outpatient Medicaid services of operating Medicare approved graduate medical education programs,

less Medicaid payments received or to be received for these services.
- (3) Reasonable costs shall be ascertained in accordance with the provisions of the Medicare Provider Reimbursement Manual as defined on Page 9, Subparagraph (b) of Attachment 4.19-A of this State Plan.
- (4) The phrase "Medicaid payments received or to be received for these services" shall exclude all Medicaid disproportionate share hospital payments received or to be received, but shall include all Medicaid payments received other than disproportionate share hospital payments, calculated after any payments made pursuant to Paragraph 2.a.1. of Attachment 4.19-B of this State Plan.
- (5) Under no circumstances shall the payment authorized by this Paragraph when added to the payment authorized under Paragraph (f) on Page 9d of Attachment 4.19-A exceed a percentage of the Hospital's unreimbursed cost for providing services to uninsured patients determined by the Division under Paragraph (j) commencing on Page 15 of Attachment 4.19-A of this State Plan.

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- (6) Payments authorized by this Paragraph shall be made solely on the basis of an estimate of costs incurred and payments received for Medicaid outpatient services during the fiscal year to which the payment relates. The Director of the Division of Medical Assistance shall determine the amount of the estimated payments to be made by analysis of costs incurred and payments received for Medicaid outpatient services as reported on cost reports for fiscal years ending during the calendar year preceding the year to which the payment relates filed before September 1 of the year to which the payment relates, and supplemented by additional financial information available to the Director when the estimated payments are calculated if and to the extent that the Director concludes that the additional financial information is reliable and relevant.
- (7) To ensure that estimated payments pursuant to the preceding Subparagraph do not exceed the state aggregate upper limit to such payments established by applicable federal law and regulation (42 C.F.R. 447.321), such payments shall be cost settled within 12 months of receipt of the completed cost report for the year for which such payments were made. The cost settlement shall be as described in Paragraph (e)(5) on Page 9c, Attachment 4.19-A of this State Plan.
- (8) The payments authorized by this Paragraph shall be effective in accordance with G.S. 108A-55(c).

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